

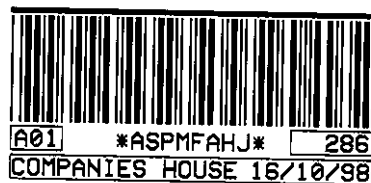
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EASTBOROUGH CONSTRUCTION LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1997

Company Registration Number: 764397



## DIRECTORS' REPORT

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The directors submit their report and the financial statements for the year ended 31 December 1997.

### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounts to £6,718 which will be deducted from the deficiency brought forward. The directors do not recommend the payment of a dividend in respect of the year.

### REVIEW OF THE BUSINESS

The company is engaged in property development, construction and dealing. During the year no new building work was undertaken and new opportunities are awaited.

### DIRECTORS

The following were the directors during the year :-

L P Norman

L A Norman

J J Norman (Resigned 1 July 1997)

## DIRECTORS' REPORT (continued)

## DIRECTORS INTERESTS IN THE SHARES OF THE PARENT UNDERTAKING

At 1 January 1997 and 31 December 1997, the directors' holdings of the £1 ordinary shares of Mill Wall Securities Limited were as follows:-

	31 December 1997	1 January 1997
L P Norman	675	675
L A Norman	1	1

## AUDITORS

It will be proposed at the annual general meeting that Saffery Champness be re-appointed as auditors in accordance with S.384 Companies Act 1985.

By order of the board



L P Norman

Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

12 October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the financial statements on pages 4 to 8.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

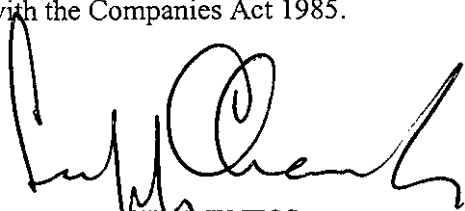
## BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS

Chartered Accountants

Registered Auditors

Fairfax House

Fulwood Place

Gray's Inn

London

WC1V 6UB

12 October 1998

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997	1996
TURNOVER		-	34,000
Cost of Sales		(9,125)	33,794
GROSS PROFIT		9,125	206
Other operating expenses	2	540	3,762
OPERATING LOSS (1995 Profit)		540	(3,556)
Interest payable	3	-	(47)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		8,585	(3,603)
Taxation	4	1,867	-
		6,718	(3,603)
Balance at 1 January 1997		(21,253)	(17,650)
Balance at 31 December 1997		<u>£(14,535)</u>	<u>£(21,253)</u>

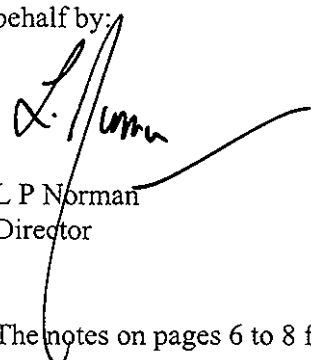
All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 8 form part of these financial statements.

BALANCE SHEET  
31 DECEMBER 1997

	Notes	1997	1996
CURRENT ASSETS			
Debtors	5	<u>29,500</u>	<u>29,528</u>
		29,500	29,528
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	6	<u>43,935</u>	<u>50,681</u>
NET CURRENT LIABILITIES		(14,435)	(21,153)
TOTAL ASSETS LESS NET CURRENT LIABILITIES, BEING NET LIABILITIES		<u>£(14,435)</u>	<u>£(21,153)</u>
CAPITAL AND RESERVES			
Share capital	7	100	100
Profit and loss account		(14,535)	(21,253)
SHAREHOLDERS' FUNDS		<u>£(14,435)</u>	<u>£(21,153)</u>

The financial statements were approved on behalf of the board on 12 October 1998 and were signed on its behalf by:



L P Norman  
Director

The notes on pages 6 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997

## 1 ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention, and applicable accounting standards.

### Stock and Work in Progress

Properties held for resale and work in progress are stated at the lower of cost and net realisable value.

Cost excludes interest, overheads and any rental income or property outgoings.

Profits on sales are recognised only when legal title passes.

### Depreciation

Depreciation is calculated to write off tangible fixed assets over their estimated useful lives on the following basis:-

Motor vehicles	-	straight line basis over 3 years
Equipment	-	straight line basis over 3 years
Computer	-	straight line basis over 5 years

### Cash flow statement

The company has adopted Financial Reporting Standard No 1 - "Cashflow statements". As defined by the Standard, the company is a small reporting entity, and as such, is exempt from the requirements to include a cash flow statement as part of the financial statements.

2 OTHER OPERATING EXPENSES	1997	1996
Audit fee	-	500
Overheads and administration	-	3,344
	-	3,844
Profit on sale/scraping assets	-	(82)
	-	£3,762
3 INTEREST PAYABLE		
On loans and bank overdrafts		
repayable within five years, not by instalments	£-	£47
4 TAXATION		
Corporation tax on the profit of the year (@ 24%/21%)	£1,867	£-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

5	DEBTORS	1997	1996
	Due within one year:		
	Trade Debtor	29,500	29,500
	Other debtors and prepayments	-	28
		<u>£29,500</u>	<u>£29,528</u>
6	CREDITORS		
	Amounts falling due within one year:		
	Corporation tax	1,867	-
	Bank overdraft	-	1,299
	Other creditors and accruals	3,240	2,754
	Amount due to group undertakings	34,876	34,876
	Amount due to parent undertaking	3,952	2,802
	Other taxation and social security costs	-	8,950
		<u>£43,935</u>	<u>£50,681</u>
7	SHARE CAPITAL		
	Authorised:		
	100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>
	Allotted, called up and fully paid:		
	100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

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8 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Mill Wall Securities Limited, a company incorporated in the United Kingdom.